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EB/ESC/TFS FOR EGOFF
TREASURY FOR JZARATE

E.O. 12958: DECL: 09/26/2014
TAGS: ETTC EFIN PTER PREL SA
SUBJECT: TERRORIST FINANCING: AL-RAJHI BANK

Classified By: ECON CONS D. H. RUNDELL, REASONS 1.4 (B) and (D)

¶1. (S) SUMMARY: At the end of the meeting between Treasury A/S Zarate and Ali Al-Gaith, Director of Banking Inspection, Insurance and Financial Leasing at the Saudi Arabian Monetary Agency (SAMA) on September 15, Al-Gaith discussed Al-Rajhi Bank and the recent information forwarded to the SAG via July 5 letters from the Ambassador. Al-Gaith argued against Al-Rajhi being involved in terrorism. END SUMMARY.

¶2. (S) Al-Gaith took exception to the details regarding suspect accounts and said that he had seen no hard evidence linking Al-Rajhi or individuals who have accounts or work at the bank with Al-Qaida or terrorism. He noted that the investigation into Al-Rajhi had started in 1989. The suspect activity is an "after-the-fact" revelation for Al-Gaith, that is after terrorists are identified. For him, no complicity on the bank's part has been proven.

¶3. (S) In August, 2003, Al-Rajhi had a full scope examination done by Ernst & Young. The report did not indicate any wrong doings. A/S Zarate requested a copy of the report. Al-Gaith said he would share the findings of the examination.

¶4. (S) Relying on news reports regarding the Al-Rajhi family is not a basis, according to Al-Gaith, for making claims concerning the bank. Al-Gaith defended the banks past practices such as freezing Usama bin Laden's accounts in 1994.

¶5. (S) Zarate noted that the United States Government (USG) has real concerns about the financial activities facilitated by Al-Rajhi and that these concerns were not an indictment against the SAG. Rather, the issue is of common concern and needs to be addressed. The USG and SAG need to be assured that Al-Rajhi is doing everything possible regarding compliance and cooperation. Particular accounts of concern need to be investigated and the bank's compliance structure needs to be reviewed. Al-Gaith said that information on suspect accounts would be shared.

¶6. (S) Al-Gaith pointed out that the MOI information originated with SAMA. He said that SAMA would look at specific accounts if the USG provided information. Zarate said he would follow up on the offer to provide specific accounts.

¶7. (S) COMMENT: Al-Gaith did not appear to support a close relationship with the United States Government (USG) throughout the meeting (reftel). At the beginning of the conversation, Al-Gaith said that he was "fed up" with the USG's allegations and that none of them were substantiated.

END COMMENT.

OBERWETTER